

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6749**

**BILL NUMBER:** SB 285

**NOTE PREPARED:** Apr 30, 2013

**BILL AMENDED:** Apr 26, 2013

**SUBJECT:** Annexation.

**FIRST AUTHOR:** Sen. Buck

**FIRST SPONSOR:** Rep. Karichoff

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Annexations Remonstrance Waiver*- The bill provides that if a person waives the person's right to remonstrate against an annexation as part of a contract with a municipality for providing sewer service to the person's property, the release is not binding on a successor in title to the property unless, for sewer contracts executed after June 30, 2013, the successor in title: (1) has actual notice of the waiver; or (2) has constructive notice of the waiver because the contract or a signed memorandum of the contract stating the waiver, has been recorded in the chain of title of the property. (Under current law, the contract containing the waiver must be recorded in order to bind the successors in title of the party to the agreement.)

*Property Tax Liability Exemptions*- The bill allows municipalities that annex territory that is contiguous to the municipality to exempt from property tax liability for municipal purposes any portion of the territory that is classified for zoning purposes as agricultural. The bill provides that: (1) the exemption remains in place as long as the property's zoning classification remains agricultural; and (2) the property owner must consent to changing the zoning classification from agricultural to another zoning classification. (Current law requires that: (1) the owner must consent to the annexation; and (2) the owner must consent to change the zoning classification from agricultural, but the property tax exemption is limited to not more than 10 years.)

*Annexation by Town Outside City Boundaries*- The bill removes a requirement that a town obtain the consent of a second or third class city before annexing territory within three miles of the city. The bill prohibits a town from annexing within one mile of the corporate boundaries of a second or third class city unless: (1) the town is located in a different county than the city; or (2) the annexation is obtained by consent of the landowners. The bill allows a town to annex within an area that extends: (1) more than one mile; and (2) less than three miles; outside the boundaries of a second or third class city, if any annexation by the town does not extend more

than one mile outside the corporate boundaries of the town.

*Interim Study Committee-* The bill authorizes the establishment of the interim study committee on annexation to study: (1) the annexation process; (2) the impact of annexation on property owners and political subdivisions, including the shift in assessed value between political subdivisions; and (3) limiting the assessed value that a municipality may annex in a year or other period.

**Effective Date:** Upon passage; July 1, 2013.

**Explanation of State Expenditures:** *Interim Study Committee-* The proposed interim study committee would have eight members and meet during the 2013 summer interim. The committee would expire on November 1, 2013. During the 2012 interim, the Legislative Council set the budgets at \$9,500 for interim study committees with less than 16 members.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Annexations Remonstrance Waiver-* The bill may reduce remonstrations against annexation after June 30, 2013, in areas where sewer service has been provided, if the successor in title has actual notice of a waiver, or signed memorandum of the contract stating the waiver, to remonstrate or constructive notice of the release due to the contract being entered and recorded in the chain of title of the property.

*Annexation by Town Outside City Boundaries-* By removing the requirement that a town obtain the consent of a Second or Third Class city before annexing within three miles of the city, the time requirements and legal costs of annexation could be reduced. Additionally, the bill could reduce annexation costs in certain circumstance that a town is annexing areas near the boundaries of a Second or Third Class city by specifying the circumstances in which the annexation may occur.

**Explanation of Local Revenues:** *Property Tax Liability Exemptions-* Under current law, if land that is zoned as agricultural is annexed by either the town of Avon or the town of Plainfield under a consensual annexation, then that agriculturally zoned land is exempt from municipal property tax. The exemption remains in effect until the property's classification is changed. If the annexation ordinance was adopted after June 30, 2006, then the exemption is limited to 10 years.

Under this provision, the exemption from municipal property tax would apply to agriculturally zoned land, contiguous to any municipality, annexed under a consensual annexation. The bill would remove the ten-year limitation. Each municipality would have the option of annexing property under this statute.

For existing annexations in Avon and Plainfield adopted after June 30, 2006, this provision would extend the life of current exemptions from 10 years to the date the land is rezoned. This provision would eliminate the shift of municipal property taxes to the agriculturally assessed land from all other municipal taxpayers that will occur under current law at the end of the ten-year period.

**State Agencies Affected:** Legislative Council, Legislative Services Agency.

**Local Agencies Affected:** Municipalities annexing additional territory.

**Information Sources:**

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